



Committee On Finance

Max Baucus, Chairman

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Baucus, Grassley: Projects Divert Money from Uninsured Kids, Threaten Budgets

WASHINGTON – Citing a new report, Sens. Max Baucus and Chuck Grassley are asking the Bush administration to explain projects that divert health dollars from covering uninsured children in violation of federal law.

"We agree that covering uninsured adults is also an important public policy objective, but that does not justify the defiance of congressional intent," Grassley and Baucus wrote in an August 6 letter to Health and Human Services Secretary Tommy Thompson. "The use of funds dedicated by Congress to low-income uninsured children on childless adults is an inappropriate implementation of the SCHIP (State Children's Health Insurance Program) statute."

Baucus and Grassley, the chairman and ranking member of the Finance Committee, wrote to Thompson after receiving a new General Accounting Office report "Recent HHS Approvals of Demonstration Waiver Projects Raise Concerns." The report says the Health and Human Services Department approved waivers allowing four states to use SCHIP and Medicaid funds either in ways inconsistent with federal law or in ways that might put the federal budget or the state's Medicaid program at risk. The report also found that HHS did not follow its own guidelines to let the public know that major changes were being considered for Medicaid or SCHIP programs seeking waivers.

Grassley and Baucus said they are concerned that these practices divert money from its intended use. States provide health care coverage to about 40 million low-income uninsured adults and children, largely through SCHIP and Medicaid, two federal-state programs. Congress intended SCHIP funds to provide health coverage for children.

"Our concern with limiting the availability of (SCHIP) funds . . . is underscored by recent findings that nearly five million children who are fully eligible for low-income health programs are not yet enrolled and remain uninsured," the senators wrote. "These children should never have to compete with childless adults for the use of remaining SCHIP funds."

Baucus and Grassley asked the Administration to explain its policies and expressed concern about the Department of Health and Human Services' failure to make its waiver program activities more public. Given the number of waivers currently pending department approval, the senators asked for a response to their questions by August 20, 2002.